

Message Text

LIMITED OFFICIAL USE

PAGE 01 SINGAP 03041 100642Z
ACTION TRSE-00

INFO OCT-01 EA-10 NEA-10 ISO-00 H-01 L-03 IO-13 PA-01
SP-02 ICA-11 AID-05 EB-08 NSC-05 SS-15 STR-07
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-10
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /117 W
-----070577 100701Z /21

R 100530Z JUL 78
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 0662
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMCONSUL HONG KONG
AMEMBASSY ISLAMABAD
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY NEW DELHI
AMEMBASSY PORT MORESBY
AMEMBASSY RANGOON
AMEMBASSY SEOUL
AMEMBASSY SUVA
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY VIENTIANE
AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SINGAPORE 3041

MANILA ALSO FOR ADB

E.O. 11652: N/A
TAGS: BEXP, EGEN, ETRD, SN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SINGAP 03041 100642Z

SUBJECT: US PROCUREMENT FROM ADB

REF: STATE 155300

1. SUMMARY. EMBASSY FINDS THAT LOW PRICE BIDS AND RELIABLE
DELIVERY SCHEDULES ARE CRITICAL FACTORS FOR OBTAINING GOVERN-
MENT TENDERS. MOSTLY LARGE SIZE FIRMS ARE INTERESTED IN

BIDDING DUE TO EXTRA COSTS OF MEETING FOREIGN GOVERNMENT TENDER SPECIFICATIONS WHICH DIFFER FROM U.S. DOMESTIC MARKET REQUIREMENTS. COMMUNICATIONS TO REPRESENTATIVE OFFICES OF U.S. FIRMS IN SINGAPORE SENT DIRECTLY BY EMBASSY ACT AS EFFECTIVE EARLY WARNING SYSTEM. END SUMMARY.

2. EMBASSY HAS READ WITH INTEREST THOUGHTFUL RESPONSES TO REFTEL, ESPECIALLY CABLES FROM BANGKOK AND SEOUL. ALTHOUGH SINGAPORE AND HONG KONG HAVE BOTH BEEN ELIMINATED FROM MOST ATTRACTIVE ADB LENDING, PRESENCE OF MANY REGIONAL OFFICES OF U.S. FIRMS IN THESE TWO CITIES MAKES THEM IMPORTANT IN ANY DISCUSSION OF PROCUREMENT.

3. FOR SEVERAL YEARS, EMBASSY HAS DISSEMINATED PROJECT AND TENDER INFORMATION TO LOCAL SUBSIDIARIES--BUT NOT AGENTS OR DISTRIBUTORS--OF U.S. COMPANIES HERE. AFTER A DOC SUGGESTION A YEAR AGO THAT SUCH SERVICES BE ELIMINATED, COMMATT SURVEYED OUR LOCAL ADDRESSEES WHO OVERWHELMINGLY URGED THAT SYSTEM BE CONTINUED. BUSINESSMEN CITED CORPORATE BUREAUCRATIC DELAYS AS MAJOR REASON FOR SLOW COMMUNICATIONS, BUT GENERALLY THOUGHT THE OVERALL DOC EARLY ALERT SYSTEM WAS TOO SLOW TO BE OF MAJOR HELP TO THEM. EMBASSY'S PROGRAM, THEREFORE, WAS OF GREAT VALUE TO THEM. WE WOULD BE EAGER, OF COURSE, TO ADD ADB-FINANCED PROJECTS IN OTHER COUNTRIES TO OUR ONGOING PROGRAM.

4. WE ARE DUBIOUS ABOUT COST-EFFECTIVENESS OF PROGRAMS DESIGNED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SINGAP 03041 100642Z

TO ENTICE MORE SMALL AND MEDIUM SIZED U.S. FIRMS INTO ADB PROJECTS. AS OTHER EMBASSIES AND WARNE MEMO OF JUNE 1, 1978 POINT OUT, THERE SEEMS TO BE A GENERAL LACK OF INTEREST AMONG U.S. FIRMS IN EXPORTING TO THE REGION, AND QUOTED OR TENDERED PRICES ARE OFTEN UNREALISTICALLY HIGH. IN CONVERSATIONS WITH MAJOR TRADING COMPANIES HERE, EMBOFFS HAVE HEARD HORROR STORIES OF LATE OR CANCELED DELIVERIES OR OTHER FORMS OF UNRELIABILITY ON THE PART OF U.S. FIRMS WHICH HAVE DRIVEN THE TRADING FIRMS INTO THE ARMS OF THE JAPANESE. (EUROPEAN MANUFACTURERS DRAW MUCH THE SAME CRITICISM.) WE DOUBT, THEREFORE, THAT COMPANIES WHICH HAVE NOT MADE A COMMITMENT TO LONG-TERM EXPORT EFFORTS WOULD BE WILLING TO TAKE THE NECESSARY ACTIONS TO PENETRATE THE ASIAN MARKET ONLY FOR AN OCCASIONAL ADB PROJECT DESPITE WHATEVER EDUCATIONAL EFFORTS MAY BE UNDERTAKEN IN THE U.S.

5. EMBASSY SEOUL MADE ONE EXTREMELY IMPORTANT POINT CONCERNING SPECIFICATIONS. WE HAVE OFTEN SEEN A U.S. BIDDER COMING IN AT MUCH HIGHER PRICES THAN THE JAPANESE COMPETITION. IN DISCUSSIONS WITH THE PROSPECTIVE BUYER, EMBOFFS ARE USUALLY TOLD THAT THE U.S. PRODUCT IS SUPERIOR, BUT "WE DON'T WANT TO SPEND THAT MUCH." THERE SEEM TO BE A FEW PRESTIGE PROJECTS WHERE THE GOS

IS WILLING TO SPEND LAVISHLY TO GET TOP-QUALITY MERCHANDISE, BUT PRICE IS STILL THE DETERMINING FACTOR IN MOST TENDERS. AGAIN, THOUGH, THERE ARE PROBLEMS WITH COMPETING ON THAT LEVEL. IF AN AMERICAN FIRM PRODUCES A SPECIAL ORDER AT INTERNATIONAL RATHER THAN U.S. STANDARDS, DELIVERY DATES ARE LIKELY TO BE SLIPPED IF THE U.S. FIRM IS RUNNING AT OR NEAR NORMAL CAPACITY FOR ITS DOMESTIC PRODUCT. RAISING THE EXPORT CONSCIOUSNESS OF SMALLER FIRMS WILL BE DIFFICULT AS LONG AS THEY SEE EXPORTING AS MERELY A MEANS TO SMOOTH OUT SHORT-RUN FLUCTUATIONS IN DEMAND IN THE HOME MARKET. GIVEN THE DISTANCES INVOLVED IN SELLING TO ASIAN MARKETS, A BUYER HERE NEEDS A STEADY AND RELIABLE SUPPLIER.

6. GENERAL IMPEDIMENTS TO U.S. FIRMS OPERATING OVERSEAS ARE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 SINGAP 03041 100642Z

WELL-KNOWN; THESE IMPEDIMENTS, HOWEVER, WOULD SEEM TO BE MUCH LESS IMPORTANT IN ADB PROCUREMENT THAN FACTORS SUCH AS PRICE AND RELIABILITY.

7. WE DO NOT SEE THE NECESSITY OF CONVENING AN INTERAGENCY STUDY OF ADB PROCUREMENT UNLESS THERE ARE STRONG INDICATIONS THAT U.S. FIRMS ARE INDEED INTERESTED IN THE SUBJECT AND ARE BEING BALKED BY COMMUNICATIONS PROBLEMS OR ADB INSTITUTIONAL BIAS AGAINST PROCUREMENT FROM THE U.S. A MORE APPROPRIATE ACTIVITY MIGHT BE A SERIOUS ATTEMPT TO DOCUMENT COMPLAINTS ABOUT USG ACTIONS WHICH ALLEGEDLY HAVE IMPAIRED OUR BUSINESSMEN'S COMPETITIVENESS IN ASIA AND THE REST OF THE WORLD. ALTHOUGH WE RECOGNIZE THAT QUANTIFYING LOST BUSINESS INVOLVES A DEGREE OF GUESSWORK, IT SHOULD BE POSSIBLE TO ARRIVE AT A REALISTIC ESTIMATE OF THE ECONOMIC PRICE, IF ANY, WE ARE PAYING FOR US POLICIES IN SUCH AREAS AS TAXATION, INTERNATIONAL BUSINESS ETHICS, ANTI-TRUST LEGISLATION, ETC. E/C OFFICERS HERE PROBABLY ARE A MICROCOSM OF U.S. SOCIETY IN DIFFERING SHARPLY OVER THE SERIOUSNESS OF USG IMPEDIMENTS TO EXPORTS. THERE IS AGREEMENT, HOWEVER, ON THE PAUCITY OF HARD EVIDENCE ONE WAY OR THE OTHER.

8. E/C OFFICER JOHN F. HOOG IS DESIGNATED POST'S ADB PROCUREMENT OFFICER. CCP RAMIFICATIONS ARE BEING DISCUSSED WITH TODD BURNS, WHO IS PRESENTLY IN SINGAPORE. INGRAHAM

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 10 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SINGAP03041
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780281-1030
Format: TEL
From: SINGAPORE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780779/aaaacofy.tel
Line Count: 162
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1e6e6078-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 155300
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2064507
Secure: OPEN
Status: NATIVE
Subject: US PROCUREMENT FROM ADB
TAGS: BEXP, EGEN, ETRD, SN, ADB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1e6e6078-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014